

RESPONSE TO TNRF COMMENTS ON THE DRAFT FINANCE REVIEW OF MAMA MISITU ADVOCACY		
Ref.	General Comments	EY Response
	Budget analysis: We are in agreement that it is important to ensure that budgetary controls are in place, and that variances between expenditure and budget are analysed for successful monitoring of project progress. This will now become part of the review and control processes for Mama Misitu, and incorporated into the quarterly reporting system.	Noted
	Quarterly reports were presented timely to the Embassy of Finland – we are not aware of the reasons why the disbursements from the embassy were delayed. However the impact of the delays resulted in disruption to the program and it would be ideal if Mama Misitu could have access to other funds if disbursements are delayed so as not to interrupt the campaign.	TNRF Steering Committee should follow this up with the Embassy.
	Contract management: The report states that there is poor management of contracts, yet all consultants and the technical adviser were given TOR and contracts were signed. Reports were shared with the TNRF Steering committee and the members of the Tanzania Forest Working Group that provided technical input to the Mama Misitu program. Advice was followed where feasible. One of the reports is in preparation for the new phase and cannot be implemented until funding for a new phase is secured. The KAP report sets out a baseline against which to monitor progress and will be used in a new phase.	At the time of audit we did not see all the consultants' contracts. We have now verified all except that of the Technical Advisor
	Audit report; the report states that the external audit had no letter to the management. As part of the contract entered between TNRF and the external audit, there is a requirement that the auditor supply TNRF with a letter outlining the audit findings and providing management with recommendations. All audit letters to the management are available at the TNRF offices for scrutiny, and if the Finance Review team needs to see copies, TNRF is willing to send them on request.	Management Letter was not provided at the time of review, However, TNRF has now been provided a copy of the letter which we have reviewed.

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Comments on Lessons for future scaling up of the Project

Many of the recommendation in the lessons learned section are useful and practicable. However, there are also some recommendations that TNRF may not implement. This is clarified below.

- Firstly, Mama Misitu is a project administered and managed by TNRF, which is a registered NGO. Mama Misitu is not an organisation and has not legal status as such. However, Mama Misitu does have a bank account as a project under the administration of TNRF.
- We consider that our administration polices and accounting procedures are adequate for our needs related to stores management and accounting, so we would prefer to review them regularly and update them as needed, rather than designing separate documents.
- We consider that the contract management procedures as outlined in the admin polices are adequate as far as long term employees are concerned. Procedures and conditions for short term contracts for consultants are however not clearly spelled out and will be developed.
- Finally, improving the monitoring of Mama Misitu is something that we see as important, as monitoring is a key aspect of the learning cycle of the campaign. To this end we have developed a draft monitoring manual for Mama Misitu. In addition, TNRF plans to employ a participatory monitoring officer to assist the working groups to monitor the work they are doing and the impact of that work. However, TNRF has no plans to engage with internal audits, as we consider that the organisation size does not warrant this function

- TNRF have the powers to open and operate a separate bank account for the Project.
- With increased project activity TNRF may consider to prepare detailed accounting procedures
- Need to spell out the management procedures for short term consultants
- The Draft Monitoring Procedures Manual should be finalised and put to use

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	SPECIFIC COMMENTS	
2.1	<u>Control Environment</u> TNRF has partner agreements with all partners, and TNRF has guiding Administration Policies and Financial Regulations. We ensure that all of our partners are equipped with those policies and regulations and if necessary, trained in the use of the documents	Already in draft report
2.2.1	<u>Budgetary Control</u> Since the Mama Misitu funding was approved, the budget has been verified several times and adjusted to the nature of work. We agree to the recommended adjustments.	Noted
2.2.3.1	<u>Fixed Assets</u> TNRF agrees with the recommendations.	Noted
2.3.2	<u>Stores Management</u> TNRF purchases stationary on request. We do not store stationary items in our office. However, it happens sometimes after meetings and workshop that unused items are returned to the office and are then kept under the control of the administrator	Our emphasis is on a need for implementing stores procedures in place and management of promotional materials which accounts for a significant proportion of the campaign's budget.
2.2.4	<u>Transaction processing</u> We have seen the following mistake and have taken immediate action on it: <ol style="list-style-type: none"> 1. Segregation of Duties – We have observed that there has been a misunderstanding and we have taken immediate measures on it. 2. Stamps – In 2008 the forms were not stamped with a TNRF stamp, due to the fact that the stamp was still in process and could be delivered in November2008 	Noted

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	<p><u>Accounting codes</u> Initially we there was no code numbers for Petty Cash and Bank Account. But following advice, this has been introduced and applied in our Accounts procedures</p>	Noted
	<p><u>Missing Supporting Documents</u> According to TNRF Financial procedures on processing request of imprest we are guided by the following steps: <ol style="list-style-type: none"> 1. Request of imprest 2. Retirement If retirement is not sufficient to cover the expenses, the balance overspent is claimed on the Retirement Form (due to the Employee). Now, we draw your attention to your conclusions with Ref. Table VI, that all these payments follow the same pattern of reclaiming the overspent balance by the Employee. We do not have a separate Claim form in place for such requests because all the supporting documents are attached with the request/retirement itself.</p>	The supporting documentation for imprest refunds should be the Retirement Form and the imprest retirement supporting documentations
2.2.6	<p><u>Accuracy and reliability of Accounting data and reports</u> Mama Misitu Bank Account in USD and TSH exist and are in use. The TNRF Euro Account is shared with projects using EURO currency, as there are occasional transfers in Euros. The difference has arisen because the Auditor included funds from other projects (EURO Account) although the procedures were explained to her.</p>	The use of joint Bank Account for multiple projects makes it difficult to follow the transactions for each account.
2.2.8	<p><u>Expenditure Analysis</u> Re: <i>Expenditure for budget lines that have been exhausted is posted to budget lines with a balance.</i> We are analyzing the causes for this and will try to implement the given recommendations.</p>	Noted

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2.2.7.3	<p><u>Imprest Management</u> Re: <i>No imprest report produced.</i> This is taken care of by the QuickBooks Accounting Programme what provides tailored reports for each individual staff as required. The issue here is likely to be an internal problem within the 2 offices (Dar es Salaam and Arusha). Those reports can only be produced by the Accountant in the Arusha office, where the accounts are kept</p>	Noted and report revised
2.2.7.4	<p><u>Bank reconciliation</u> We have been advised to introduce a Bank reconciliation form. We have taken immediate action on this and the form is in place and being used.</p>	Noted
2.2.8	<p><u>Expenditure analysis</u> There are certain circumstances whereby it is nearly impossible to fetch 3 quotations on either services or products because of the availability in the market. In the case of the purchase of the vehicle, TNRF searched for an appropriate car for the Project. The vehicle identified was a used car and secondly the offer was just too fair and had a time limit. TNRF consulted an independent technician to survey the car before the sale contract was finalized to approve that the vehicle was in a proper condition and the value for money aspect has been considered. Mama Misitu has worked with printing several documentations and was actually very happy with their product delivered in earlier stages. There was therefore no reason to look for a new start and a challenge with a new printer.</p>	Procedures should be respected. Deviations to be approved by the Steering Committee
2.2.8.3	<p><u>Seminars and Workshops</u> We have seen the comments and work on it.</p>	Noted

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<p>2.2.8.5</p>	<p><u>Payroll analysis</u> <i>Re: NSSF Contribution</i> The salary package from the budget submitted to donors includes NSSF and Health Cover as well as End-of-Year-Bonus and other applicable office insurance. TNRF recalculates and pays the respective NFFS office, health insurance and then pays the net wages to employee. The payroll is checked by the administrator and coordinator before processing payments. <i>Re: Skills & Development levy</i> Normally skills and development levy are not paid by NGO's as far as the Tanzanian law is concerned.</p>	<p>Noted and report revised</p>
<p>2.2.5</p>	<p>Custody and Security of records and accounting documents <i>Re: Not secure office space.</i></p> <ul style="list-style-type: none"> • Mama Misitu offices are all surrounded by a solid brick fence • There is a steel gate locked with proper locks and keys • There is an alarm system in place • The office is secured by Security Guards 24 hours • The office windows are protected with burglar bars • The entrance doors to the offices are secured with door grills • The Mama Misitu staff have keys to lock their valuable belongings and sensitive office equipment in their cabinets and cupboards • The administrator has her own office to ensure maximal security when handling money. <p>We believe that as all the above mentioned security measures are in place, the office can be regarded as securely protected.</p>	<ul style="list-style-type: none"> • Arusha Office is securely protected. • But the MM Project Implementing Unit in Dar es Salaam is advised to secure better premises. Currently, they are using leaking containers as office space. This raise security concerns to office facilities and records.